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Viewing cable 06LIMA1247, HUMALA'S LIAISON TO BUSINESS SECTOR MEETS WITH THE

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Reference ID	Created	Released	Classification	Origin
06LIMA1247	2006-03-30 21:52	2011-08-30 01:44	CONFIDENTIAL	Embassy Lima

Appears in these articles:

<http://elcomercio.pe/politica/716857/noticia-wikileaks-asesor-humala-intercedio-ante-embajador-eeuu>

VZCZCXYZ0016
PP RUEHWEB

DE RUEHPE #1247/01 0892152
ZNY CCCCC ZZH
P 302152Z MAR 06
FM AMEMBASSY LIMA
TO RUEHC/SECSTATE WASHDC PRIORITY 9508
INFO RUEHBO/AMEMBASSY BOGOTA 3178
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C O N F I D E N T I A L LIMA 001247

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E.O. 12958: DECL: 03/20/2016

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SUBJECT: HUMALA'S LIAISON TO BUSINESS SECTOR MEETS WITH THE

AMBASSADOR

REF: LIMA 1126

Classified By: Ambassador Curt Struble. Reason: 1.4(d).

¶1. (C) SUMMARY: Salomon Lerner Ghitis, ultranationalist "outsider" Union por el Peru (UPP) party presidential candidate Ollanta Humala's unofficial liaison to the business community, provided his impressions of Humala's policies, personality and advisors during a meeting with the Ambassador on March 24. Lerner described Humala as honest, reasonable and not anti-American, although most of his advisors are. The latter, Lerner explained, feed "The Commandante's" paranoia, as evidenced by Humala's buying into a blogger's claim that the USG, through its funding of human rights organizations, was behind the allegations that Humala committed human rights abuses when serving in the Hualлага Valley in the early 1990s. Lerner tried to be reassuring about Humala's intentions to "renegotiate" tax stability agreements, but had little to say other than to say that the UPP candidate wanted foreign companies to share with Peru their windfall profits from high prices for natural resources. While admitting that he was ignorant regarding Humala's coca policy, Lerner thought it was designed by Hernando de Soto. Lerner also mentioned that Humala has expressed interest in visiting the United States between the first and second round of presidential balloting. END SUMMARY.

¶2. (C) On March 24, the Ambassador held an extended conversation with Salomon Lerner Ghitis, Ollanta Humala's earliest prominent supporter within the Peruvian business community. Lerner is Humala's unofficial liaison with business groups and has also been involved in some of the candidate's meetings with foreign officials. The Ambassador noted that he had requested a meeting with Humala which had been scheduled for March 19. A few hours before the appointed time, Humala's wife called to say that it would have to be postponed until Ollanta met with his political advisors; the Embassy had heard nothing since. The Ambassador said that we were prepared to wait but it was looking as though there was more to the delay than campaign obligations, inviting Lerner's insights.

¶3. (C) Lerner said that Humala is not anti-American but some people around him are. They feed his paranoia. Most recently, they had passed to him press articles alleging that the USG is financing the Human Rights groups -- particularly the Instituto de Defensa Legal (IDL) -- that have accused Humala of serious abuses against peasants in Madre Mia (Hualлага Valley) when he was stationed there with the Army in the early 1990s. This had led Humala to conclude that he should not meet with the U.S. Ambassador at this time. Lerner also mentioned the frequent criticism of Humala by former Minister of Interior Fernando Rospigliosi, whose firm CHS receives USG funding. The "Comandante," Lerner said, also was resentful over distorted statements by some businessmen he had met with, particularly Carlos del Solar who heads the Mining and Energy Society and represents Hunt Oil in the Camisea gas export consortium. Humala believes that the campaign is about to get even dirtier because Lourdes Flores has just hired J. J. Rendon, who Lerner termed an anti-Chavista tied to Venezuela's COPEI. (Lerner asserted that Rendon is being paid by COPEI to work for Flores.) In sum, Lerner concluded, Humala believes that he has to really watch himself in the runup to the April 9 first round.

¶4. (C) The Ambassador said that he had seen the press reports alleging that we are behind the human rights accusations against Humala. The source for these charges appears to be blogger Jeremy Bigwood, who claims that the National Endowment for Democracy, AID, and AID's Office of Transition Initiatives finances and controls both the Washington Office on Latin America (WOLA) and IDL, who have pushed the human rights abuse charges. Our support of NGOs is conducted in a very transparent way*we publicize the

amount of grants and their purpose. The Ambassador said that he was unaware of whether NED had contributed money to WOLA, but anyone who knows the organization would find allegations that the USG controls it unreal; WOLA is a prominent critic of many USG programs and policies in Latin America. IDL, the Ambassador noted, had been a contractor for AID,s judicial

reform program, but funding ran out for the activity last September. IDL receives funding from many sources and like WOLA has often criticized the USG posture on issues like the International Criminal Court. (Lerner interjected a comment here that Humala agrees with our reservations about the ICC.)

The Ambassador noted that he represents the U.S. Government, not NGOs, a Peruvian political party nor particular businessmen, who are responsible for their actions. He would wait until Humala found it convenient to meet, but very much regretted that the candidate was making a decision based upon bad information. Lerner said he would talk to Humala and suggest that he reconsider.

15. (C) Turning to his own association with the Humala camp, Lerner said that he has repeatedly told the candidate that he does not want a position in an eventual government. Lerner thought that had given him greater credibility with Ollanta, who recognizes that many who are rushing into his camp are looking for patronage. Lerner said that he believes Humala is honest and reasonable, but added that Humala is untested and this assessment could be wrong. There are people around Humala who are low quality and worrisome, Lerner said; he is trying to orient Humala in a good direction. When Humala concludes that someone is incapable he does act decisively to remove the person. Lerner,s informal role has been to facilitate contact between the candidate and the business community. He had helped set up meetings with the National Industrial Society and with Spanish businessmen and was involved in some of the planning or facilitation of foreign travel. In that connection Lerner mentioned that Humala is now thinking of visiting the United States between the first and second rounds.

16. (C) The Ambassador asked about Humala,s call to revise the juridical and tax stability agreements that underpin large foreign investments in Peru. Lerner said that Humala has repeatedly stated that he will not expropriate nor nationalize businesses. He will "suggest" that companies which have signed tax stability agreements when oil, to cite an example, was 15 dollars a barrel versus its current value of 60 dollars a barrel either pay more in royalties or contribute to the development of Peru,s petrochemical industry. As he did during Humala's recent meeting with EU Ambassadors (Reftel), Lerner implied that this would not/not be a big change because 85 out of 194 stability agreements had been modified in the past four years. The Ambassador said that to his knowledge such modifications had happened when companies were making significant new capital investments. Lerner conceded the point while adding that modifications had also been sought when foreign companies like Doe Run argued that they could not meet their obligations.

17. (C) Lerner admitted that he knew too little about the coca issue to clarify Humala,s thinking other than to say that the candidate,s proposal for a huge rural/alternative development program is one he got from famed Peruvian economist Hernando de Soto. The latter told Humala that he has a fully fleshed out plan that he had developed in the 1980s. Lerner termed "nuts" the proposal, floated by leading UPP Congressional candidate Daniel Abugattas, to use coca powder as a nutritional supplement in the bread given to schoolchildren.

18. (C) Lerner said that in private conversations Humala has expressed firm confidence that he can eliminate the "Artemio" Sendero Luminoso column in 90 days. The Armed Forces know where Artemio is, Humala has claimed, they just need determined and firm leadership to deal with the problem.

19. (C) COMMENT: Humala,s core group of advisors embraces

both prickly ex-military nationalists and members of Peru,s old left. Both groups harbor deep suspicions of the United States and are inclined to view us through a conspiratorial lens. We have important substantive differences with the candidate on issues like the Free Trade Agreement and counter narcotics policies, and we work with local allies to defend our viewpoint. That gives broad latitude for conspiracy theories within the Humala camp. Ollanta himself is trying to reassure voters that he will have productive relations with the U.S.: his most recent statement to that effect was made over the past weekend. At almost the same time,

however, his First Vice Presidential candidate, Gonzalo Garcia, responded to a reporter,s question about an alleged threat by Sendero Luminoso to oppose an Humala government in the following way: "In the final weeks of an electoral process where the candidate who is supported by the United States Embassy is not winning, the statement of Sendero Luminoso appears. This is a smoke screen, as is well known by all, to create fear in the electorate and seek conditions for a response to fear." END COMMENT.
STRUBLE

=====CABLE ENDS=====